

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
FIRST-CLASS PACKAGE SERVICE CONTRACT 88  
(MC2018-60)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2018-100

**USPS NOTICE OF AMENDMENT TO  
FIRST-CLASS PACKAGE SERVICE CONTRACT 88,  
FILED UNDER SEAL  
(August 31, 2018)**

The Postal Service hereby provides notice that the terms of First-Class Package Service Contract 88, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to First-Class Package Service Contract 88 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days following the day that the Commission completes its review of this filing.

This amendment will not materially affect the cost coverage of First-Class Package Service Contract 88. Therefore, the supporting financial documentation and financial certification initially provided in this docket remain applicable. The Postal Service hereby incorporates by reference the Application for Non-Public Treatment originally filed in this docket, for the protection of the information that has been filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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August 31, 2018

**ATTACHMENT A**

**REDACTED AMENDMENT TO FIRST-CLASS PACKAGE SERVICE CONTRACT 88**

**AMENDMENT #1**  
**OF**  
**SHIPPING SERVICES CONTRACT**  
**BETWEEN**  
**THE UNITED STATES POSTAL SERVICE**  
**AND**  
**REGARDING**  
**FIRST-CLASS PACKAGE SERVICE**

WHEREAS, the United States Postal Service (the "Postal Service") and [REDACTED] ("Customer") entered into a Shipping Services Contract, FCPS Contract 88/Docket No. CP2018-100 regarding First-Class Package Service on November 27, 2017.

WHEREAS, the Parties desire to amend the terms in Section I.A, I.B, I.C, I.F and I.G, including Table C of the Contract, and add new Section I.K.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.A, I.B, I.C, I.F and I.G, including Table C, in their entirety and add Section I.K, as follows.]

**I. Terms**

- A. Except to the extent different terms or prices are specified in this Contract, applicable provisions of the Domestic Mail Manual (as may be regularly updated by the Postal Service and posted at [http://pe.usps.com/text/dmm300/dmm300\\_landing.htm](http://pe.usps.com/text/dmm300/dmm300_landing.htm)) and of other postal laws and standards, including USPS Publication 52 – Hazardous, Restricted, and Perishable Mail, apply to mail tendered under this Contract.
- B. This Contract applies to Customer's inbound and outbound First-Class Package Service - Commercial packages [REDACTED] ("Contract Packages"). Customer shall not extend pricing to a third party under this Contract, including commercial published pricing for the products defined in Section I.B, or any prices below commercial published pricing.
- C. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will use the Electronic Verification System ("eVS"), other USPS approved manifest systems, or USPS approved PC Postage vendors for payment of such packages. Customer shall provide the Postal Service, in writing, a list of its permit numbers

and/or PC Postage accounts for approval. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Contract Packages and Customer's other First-Class Package Service – Commercial packages ("Total Packages") shipped from authorized permits and/or PC Postage accounts shall count toward the volume commitment expressed in Sections I.E.2 (with Table 2), I.F, and I.G below.

F. From the effective date of the Contract until December 31, 2017 ("Implementation Period"), and for the first, second, third and fourth Contract Quarters following the Implementation Period, Customer will pay Tier 1 prices for Contract Packages, pursuant to Table 1 below. Customer will be exempt from the minimum average defined in Table B during the Implementation Period. Beginning January 1, 2019, subsequent tier pricing will be determined by the minimum quarterly average of Total Packages shipped during the term of this Contract, not to include the Implementation Period. If the quarterly average of Total Packages shipped falls below the minimum volume set for Tier 1 pricing, the Postal Service at its sole discretion has the right to revert Customer to the most current First-Class Package Service-Commercial prices for the subsequent Contract Quarter.

G. Customized prices for this Contract will be based on a rolling four (4) quarter average. At the conclusion of the first four (4) quarters, following the Implementation Period, pricing for subsequent quarters will be calculated by the number of Total Packages shipped in the previous four (4) quarters divided by four (4). At the conclusion of each quarter, the Postal Service will calculate the number of Total Packages and the number of applicable quarters to calculate and apply the appropriate rate table within fifteen (15) calendar days of the conclusion of that quarter. Table C below illustrates the method in determining tier level and corresponding prices.

**Table C**

<b>Contract Year (CY) 1</b>	<b>Tier Determination</b>
Quarter 1	Tier 1 Pricing (January 1, 2018-March 31, 2018)
Quarter 2	Tier 1 Pricing (April 1, 2018-June 30, 2018)
Quarter 3	Tier 1 Pricing (July 1, 2018-September 30, 2018)
Quarter 4	Tier 1 Pricing (October 1, 2018-December 31, 2018)
<b>Contract Year (CY) 2</b>	<b>Tier Determination</b>
Quarter 1	Total Packages Shipped (CY1 Q's 1,2,3&4) ÷ 4
Quarter 2	Total Packages Shipped (CY1 Q's 2,3&4 + CY2 Q1) ÷ 4
Quarter 3	Total Packages Shipped (CY1 Q's 3&4 + CY2 Q's 1&2) ÷ 4
Quarter 4	Total Packages Shipped (CY1 Q4 + CY2 Q's 1,2&3) ÷ 4
<b>Contract Year (CY) 3</b>	<b>Tier Determination</b>
Quarter 1	Total Packages Shipped (CY2 Q's 1,2,3&4) ÷ 4
Quarter 2	Total Packages Shipped (CY2 Q's 2,3&4 + CY3 Q1) ÷ 4
Quarter 3	Total Packages Shipped (CY2 Q's 3&4 + CY3 Q's 1&2) ÷ 4
Quarter 4	Total Packages Shipped (CY2 Q4 + CY3 Q's 1,2&3) ÷ 4

K. Record Keeping and Audit. Customer shall respond to the Postal Service's or its designated auditor's quarterly and/or yearly transaction confirmations related to Postal Service transactions; and such other assistance as required by the Postal Service or its designated auditors in connection with Customer's performance under this Contract.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by: \_\_\_\_\_



Printed Name: Dennis Nicoski

Title: Senior Vice President, Sales and Customer Relations

Date: \_\_\_\_\_

8/28/18